



TCEQ REGULATORY GUIDE

Water Supply

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Regulatory Assessments Collected by Retail Public Utilities

Retail public utilities and their customers often have questions about an item called “regulatory assessment” that is included in their water or wastewater bills.

What is the “regulatory assessment”?

The regulatory assessment is a fee collected from retail customers by water and wastewater utilities regulated by the Texas Commission on Environmental Quality (TCEQ). It was first authorized in 1993 in response to a State Comptroller’s report that recommended a higher level of user charges be used to finance state programs.

Investor-owned utilities, water districts, water supply corporations, and certain counties are required to collect the assessment from retail customers and send the amount collected to the TCEQ. The amount collected depends on the type of regulated retail public utility, as follows:

| The fee for customers of: | Is: | Calculate it as: |
|--|------|------------------|
| Investor-owned utilities | 1.0% | 0.01 x receipts |
| Water districts | 1/2% | 0.005 x receipts |
| Water supply corporations | 1/2% | 0.005 x receipts |
| Counties within 50 miles of the U.S.-Mexico border | 1.0% | 0.01 x receipts |

Which utility customers are exempt from this fee?

The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of nonpotable (not drinkable) water.

Which customers must pay this fee to the utility?

All retail customers must pay this fee. Because this fee is not a tax, tax-exempt institutions also

must pay the regulatory assessment. School districts and similar institutions are not considered to be state agencies and so are subject to the regulatory assessment.

How is the regulatory assessment applied on bills?

The assessment is to be applied to customer charges for water and sewer service, but not to penalty and interest charges, tap fees, impact fees, or other fees that appear on customer bills. The assessment may be included on the retail customer’s bill as a separate line item.

When is the amount collected payable to the TCEQ?

The amount collected during the calendar year must be sent to the TCEQ by January 30. Submit these payments along with the preprinted form sent to the utility by the TCEQ during December. Payments received after January 30 are subject to penalties and, if received after March 30, are also subject to interest.

What is the regulatory assessment used for?

As required by law, these fees are used to pay the costs and expenses incurred in the regulation of these retail public utilities.

Also as required by law, a portion of these fees is used to provide on-site technical assistance and education to these retail public utilities.

If you have questions regarding the regulatory assessment, please contact:

Regulatory Assessment Coordinator
Public Drinking Water Section MC155
TCEQ
PO Box 13087
Austin TX 78711-3087

Phone: 512/239-4691
Fax: 512/239-6050